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Rep. Gary Miller Introduces Insurance Capital and Accounting Standards Act

Washington, D.C. – Today, Representative Gary G. Miller (CA-31) introduced the Insurance Capital and Accounting Standards Act of 2013, a bill to help ensure the affordability and availability of insurance products for consumers by providing clarity with regard to the capital standards applicable to insurance companies.

Last year, the Federal Reserve Board proposed new capital requirements for all financial institutions. The Fed's proposal would require insurance companies to meet the same capital standards as banks, without regard to the distinctly different risk profile and business model of insurance companies. Because the Fed's rule takes a one-size-fits-all approach to capital standards, the proposal could actually harm the solvency of an insurance company. The legislation Congressman Miller introduced today ensures that the capital standards for insurance companies are aligned with their asset and risk profile.

Congressman Miller said, "There is no question that robust capital standards for all of our nation's financial institutions are essential to protecting our economy. However, these standards can be detrimental to the economy if not properly applied. Capital standards need to be calibrated appropriately so that they can preserve safety and soundness."

He continued, "The Federal Reserve is mixing apples and oranges by imposing bank-centric rules on insurance companies, which have completely different business models and capital structures. As written, this proposal will lessen the availability and increase overall costs of insurance products and services to consumers and businesses in my district and across the country."

The Insurance Capital and Accounting Standards Act will ensure that capital standards do not have the unintended effect of curtailing the creation and allocation of insurance products, which are essential to consumers, communities, and small businesses. The bill ensures that a number of risk exposures tailored specifically to insurance companies, including asset risk, underwriting risk, interest rate risk, and business risk are preserved.

Congressman Miller stated, "Instead of adopting a one-size-fits-all approach, our legislation recognizes the unique characteristics of insurance companies and ensures that they adhere to clear, effective, and strong capital requirements. I look forward to working with my colleagues in

the House to move this bill through the legislative process to ensure that insurance companies are able to continue providing affordable insurance products and services for American consumers.”

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